



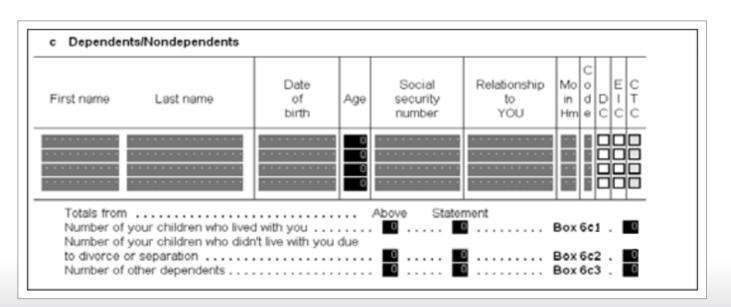
# **Dependency Exemptions**

ER 4012  MARKET SHAPE RESERVE AND REAL PROPERTY		Dependency & Main Info						
The NOTAC Billion Street of Contract of Co	Part II – Marital Status and 1. As of December 31 of last y were you:	ear, :	Single (This in Married a b Divorced or L	Did you . Was you	live with ir marria parated	your spo ge recog Date	partnershouse during nized under of final dec	any pa
The same parties the same parties of the same	<ol> <li>List the names below of:         <ul> <li>everyone who lived with ye</li> <li>anyone you supported but</li> </ul> </li> </ol>				spouse	0	10	6
The following factors of the control	Name (first, last) Do not enter your name or spouse's name below	Date of Birth (mm/dd/yy)	Relationship to you (for example: son, daughter, parent, none, etc)		US Citizen (yes/ho)	Resident of US, Canada, or Mexico last year (yes/ho)	Single or Married as of 12/31/14 (SAM)	Full-time Student last year (yes/ho)
	(a)	(b)	(c)	(d)	(e)	m	(g)	(h)
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#### **About Dependency Exemptions**

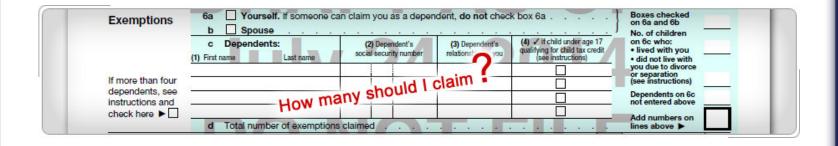
- TaxWise: Main Information Screen, Dependents/Nondependents
- Additional resources listed in L&LT "References" tab
- Review all tips and cautions
- Read all examples and sample interviews
- We will review answers to each exercise in the lesson





## Objectives – Dependency Exemptions

- Determine if a taxpayer can claim an exemption for a dependent by applying the appropriate dependency test
- Determine how many exemptions a taxpayer can claim for dependents
- Time Required: 30 minutes



# **Topics**





- Dependents
- Qualifying Child Tests
- Qualifying Relative Tests
- Children of Divorced or Separated Parents



#### Key Terms

Definitions are always available in the L&LT online Glossary.

- Dependency Exemptions
- Dependency Tests
- Dependent
- Exemptions (Personal or Dependency)
- Qualifying Child
- Qualifying Relative



#### Dependents

- A taxpayer can claim one exemption for each qualified dependent, thereby reducing their taxable income
- Who may be claimed as a dependent?
  - Qualifying child
  - Qualifying relative
- Three tests apply to both qualifying child and qualifying relative:
  - Dependent taxpayer person who is a dependent on someone else's tax return cannot claim a dependent exemption
  - Joint return person filing a joint return cannot be claimed as a dependent
  - Citizen or resident dependent must be a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico



# **Qualifying Child Tests**

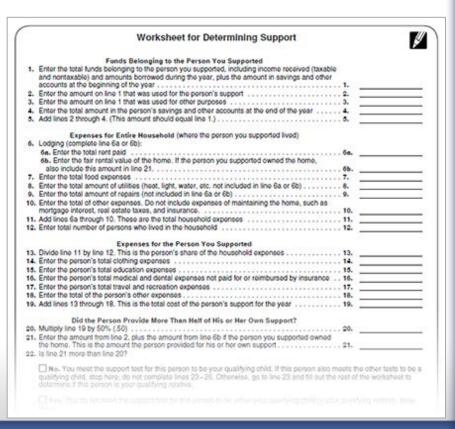
- Five additional tests for a qualifying child:
  - Relationship
  - Age
  - Residency
  - Support
  - Qualifying child of more than one person
- Review Pub 4012, Exemptions/Dependency & Main Info tab,
   Dependency Exemption Interview Tips

terview tips	Table 1: Dependency E  Begin with this table for both Qualify Probe/Action: Ask the taxpayer:	EXEMPTION ing Child and Qualifying Relative dependents.
step	Can you or your spouse (if filing jointly) be claimed as a dependent on someone else's tax return this year?	If YES: If you can be claimed as a dependent by another person, you may not claim anyone else as you dependent.  If NO: Go to Step 2
step	Was the person married as of December 31, 2014?	If YES: Go to Step 3 If NO: Go to Step 4
step	Is the person filing a joint return for this tax year? (Answer "NO" if the person is filing a joint return only to claim a refund of income tax withheld or estimated tax paid.)	If YES: You cannot claim this person as a dependent. If NO: Go to Step 4



## **Qualifying Relative Tests**

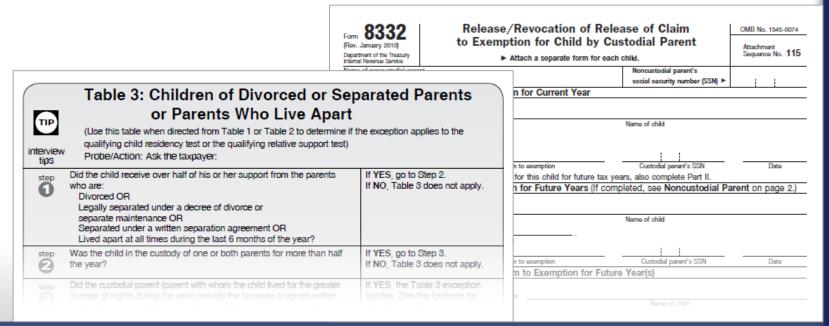
- Four tests for a qualifying relative, in addition to dependent taxpayer, joint return, and citizen or resident:
  - Not a qualifying child
  - Member of household or relationship
  - Gross income
  - Support
- Review Pub 4012, Exemptions/
   Dependency & More Info tab
  - Interview Tips for Qualifying Relative
  - Worksheet for Determining Support





#### Children of Divorced or Separated Parents

- Special rules apply
- What is the difference between custodial and noncustodial parent?
- See table in Pub 4012, Exemptions/Dependency & Main Info tab,
   <u>Children of Divorced or Separated Parents or Parents Who Live Apart</u>
- Custodial parents can revoke a release of claim to exemption they previously provided to the noncustodial parent on Form 8332





#### Summary

Conditions for taxpayer to claim a dependency exemption:

- Taxpayer must not be claimed as a dependent by another taxpayer.
- Cannot claim a married person who files a joint return unless:
  - Joint return is only to claim refund, and
  - No tax liability for either spouse on separate returns.
- Dependent must be a U.S. citizen, U.S. resident alien, U.S. national, or a resident of Canada or Mexico, for some part of the year.
- Dependent must be taxpayer's qualifying child or qualifying relative.